ALBERTA INVESTMENT GUIDE

Alberta
CANADA

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F O R E W O R D

This document is compiled and published by the Investment Branch of Alberta Economic Development and Trade. It provides general information on the province's economy and highlights some advantages of an Alberta location.

With the release of the United Nations Development Program's "human development index", Canada was rated as **the world's best place to live.** It edged out Japan and 158 other nations to gain the number one spot in the rankings that measure factors such as life expectancy, literacy, and standards of living.

Within Canada, Alberta offers a high and enviable standard of livng to its 2.5 million residents. From an investment perspective, the Province of Alberta is also an attractive place. Indeed, since at least 1985, Alberta has had the highest per capita value of investment. The province's myriad of natural resources and its high quality labour force are some of the features that allure investors. Alberta has been successful in attracting not only direct investment, international technology and expertise, but also partners for strategic alliances with Alberta companies.

The Investment Branch welcome all inquiries regarding any aspect of investing in the province, including information on specific opportunities. Please contact:

Investment Branch
Alberta Economic Development & Trade
7th Floor, Sterling Place, 9940 - 106 Street
Edmonton, Alberta, Canada T5K 2P6
(403) 427-3300 / Fax (403) 422-9319

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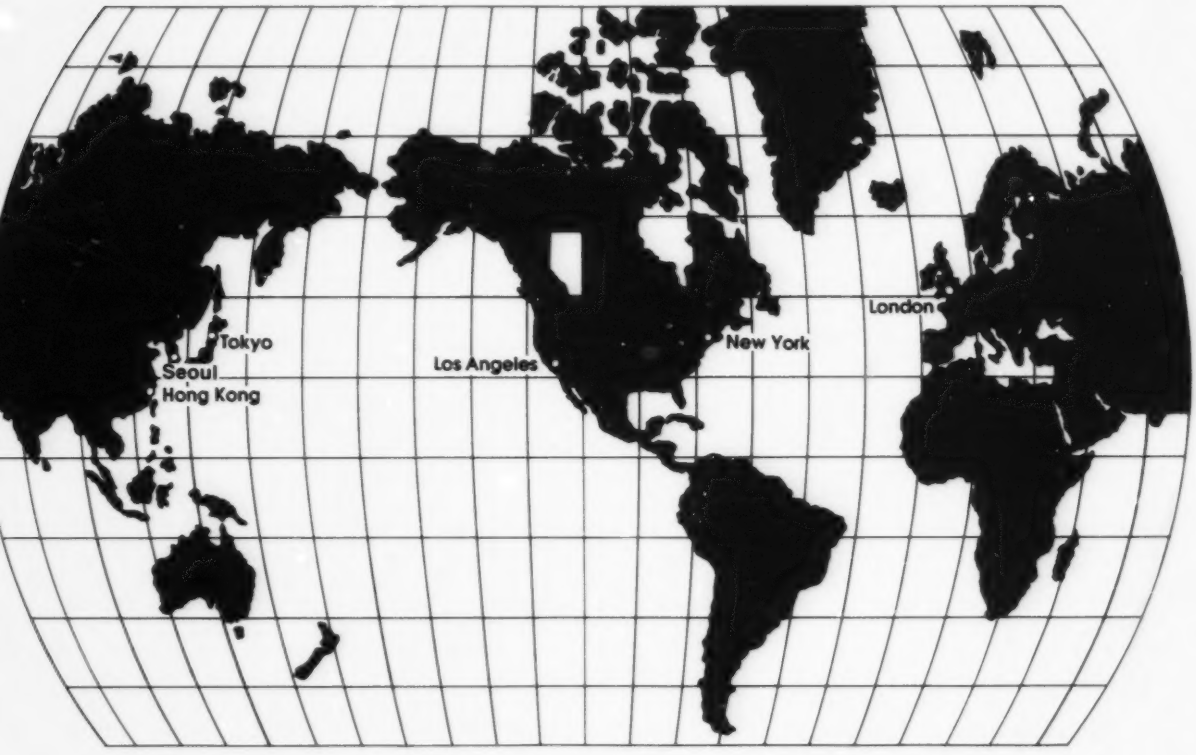
1. ALBERTA

With a total area of 661,188 square kilometres, the Province of Alberta, Canada, is nearly as large as the state of Texas, 22 per cent larger than the total area of France and about twice the size of Japan. Yet the total 1991 population of Alberta is only 2,521,500 (or 9.3 per cent of Canada's total population).

More than half of the province's inhabitants live in one of the two major metropolitan areas of Edmonton and Calgary. In 1991, Edmonton, the provincial capital, had a metropolitan population of 842,100 while Calgary, host city for the 1988 Winter Olympics, had a metropolitan population of over 742,900.



Climate & Geography

Alberta's climate is characterized by dry air and wide ranging temperatures throughout each of the four seasons. "Sunny Alberta" receives more sunshine than any other province in Canada.

Most of Alberta's population is located between the 49th and 54th latitudes. When compared with central Europe, Calgary is situated close to the same latitude as Berlin while Edmonton relates to Hamburg and Leeds.

The province consists of prairie rangeland in the south (best suited to ranching), grasslands in the middle region (grains), and forests and lakes in the north. The Rocky Mountains define the western border of Alberta and include the world famous national parks of Jasper and Banff.

2. INVESTING IN ALBERTA

Domestic and international investment has been the key to Alberta's economic growth, diversification and modernization. The United States' position as the major investor in Canada has diminished somewhat over the years as total investment by other countries, such as the United Kingdom, Germany, Japan and Hong Kong, has increased. For example, Japan and Hong Kong accounted for approximately 57 per cent (in terms of value) of total significant investments in Alberta in 1991.

FEDERAL INVESTMENT REGULATIONS

In 1985, Investment Canada (IC), a Crown corporation, was established to replace the Foreign Investment Review Agency (FIRA). IC's mandate is to encourage investment in the country. It also implements the Investment Canada Act which calls for the review of direct acquisitions of businesses in Canada with assets in excess of $5 million and indirect acquisitions of Canadian businesses with assets exceeding $50 million. As well, IC reviews foreign investment in culturally sensitive sectors and industries deemed to be of national importance.

As a result of the Canada-U.S. Free Trade Agreement (FTA), special rules govern investment in Canada by American investors. Under the FTA, the threshold for review of direct acquisitions is $150 million (to be measured in terms of real 1992 dollars).

As of January 1, 1992 reviews for American investments were eliminated unless the assets of the Canadian business represent more than 50 per cent of the total value of assets acquired in the international transaction, in which case, the direct acquisition threshold applies (see preceding paragraph).

The acquisition or control of the following types of Canadian businesses is excluded from these higher thresholds: uranium; financial services; transportation services; and cultural businesses. As of March 1992, the oil and gas industry was removed from this restricted list.

Another part of the federal government's new stance was the elimination of its Oil and Gas Acquisitions Policy which prohibited the sale of financially sound Canadian controlled oil and gas companies to non-Canadians.

PROVINCIAL INVESTMENT REGULATIONS

The Alberta government encourages foreign investment in the province, which it sees as a vital component of economic development. Various Alberta government departments actively promote the province and its opportunities worldwide.

The only legislation of the Alberta government that limits foreign investment in the province relates to the ownership of agricultural and recreational land. Pursuant to the Alberta Agricultural and Recreational Land Ownership Act, no "ineligible person" or foreign controlled corporation may acquire, directly or indirectly, an interest in two or more parcels of land, comprising more than 20 acres in total. An ineligible person is defined as:

- an individual who is not a Canadian citizen or a permanent resident (landed immigrant);
- the government, or one of its agencies or the government or political subdivision of a country other than Canada;
- a corporation incorporated outside of Canada.

Land that is specifically exempted from these regulations includes land within municipalities, mines and minerals, and land consisting of less than 20 acres in aggregate.

CORPORATE STRUCTURES IN CANADA

In Canada, a company may be incorporated federally or provincially. When a company incorporates provincially, it must obtain a license from, or register in, any other province in which it conducts business. Factors affecting the decision to incorporate federally or provincially include differences in residency requirements for directors or officers, head office location requirements and financial disclosure statements.

One regulation that affects non-residents is the requirement of most Canadian statutes that a majority of the directors of the corporation be Canadian residents.

In order to obtain beneficial tax treatment and to limit the extent of their liability, most foreign companies decide to operate in Canada by incorporating a subsidiary company rather than by establishing a branch operation. Foreign operations forming a branch in a particular province are usually required to pay a provincial license or registration fee, roughly equal to the province's fee for incorporation.

FINANCING A BUSINESS IN ALBERTA

Sources of financing in Alberta are varied and sophisticated. The public and private capital markets provide ready access to capital for issuers of both long term debt and debt equities.

Alberta Stock Exchange

Established in 1914, the Alberta Stock Exchange (ASE) is owned by its members, presently consisting of 36 national and regional investment dealers. Over the past four years, the ASE's 800 listed issues traded an average annual volume of over 710 million shares.

As one of Canada's five recognized self-regulatory organizations for the Securities industry, the ASE is particularly proud of the leading role it plays as an incubator for growth and emerging entreprises in public markets. It offers a fully automated trading capability and its trading/quotation information is available to subscribers on an on-line basis in all major world markets.

Working closely with the provincial government departments and provincial securities commissions, the Exchange has developed several innovative equity programs such as the Junior Capital Program and the Exchange Offering Prospectus program. In addition, the Exchange has introduced streamlined procedures for the listing of preferred shares and debentures for senior issuers.
Phone: (403) 262-7791/Fax: (403) 237-0450

Brokerage Houses

In addition to offices in the province of all the national brokerages houses, Alberta also has some locally based firms, which have a solid reputation for their work in the oil and gas industry in particular. These firms include:

- **Charlton Securities Ltd** - Since 1980, Charlton Securities Ltd. (CSL), a full service investment firm, has been providing its services to clients across Canada, the United States, the United Kingdom and Europe.

CSL's services range from corporate finance and investment and merchant banking to research, securities trading, and personal portfolio management. This Calgary-based company maintains offices in three other cities in Alberta.
Phone: (403) 262-5542/Fax: (403) 265-9655

■ **Peters & Company Ltd.**- This firm is an integrated, Calgary-based investment dealer that was founded in 1971. Its main activities include: securities brokerage; investment research; underwriting and distribution of securities; advisory services; and market making and principal trading. Peters & Co.'s clients are located in Canada, the United States, the United Kingdom and Europe.
Phone: (403) 261-4850/Fax: (403) 266-4116

■ **Rogers & Partners Securities Inc.** - This full service, Calgary-based brokerage firm is owned by Alberta investors and is a member of the ASE and the Investment Dealers Association of Canada. Through a service agreement with another securities company, it is able to offer order execution and brokerage services on all major stock exchanges. Rogers' full range of services include: trading services; mutual funds; advisory services; new issue offerings; and corporate finance services.
Phone: (403) 237-6700/Fax: (403) 265-6039

Financial Institutions

In Canada, financial institutions include: chartered banks (including Canadian based and foreign owned banks); trust and mortgage loan companies; life insurance companies; pension plans; credit unions and caisse populaires; investment funds; and other institutional suppliers of capital, such as venture capital companies.

The Canadian banking industry is regulated by the Bank of Canada (Canada's central bank) and the Superintendent of Financial Institutions. The six major chartered banks, each with an extensive network across the country, are the:

- Royal Bank of Canada
- Canadian Imperial Bank of Commerce
- Bank of Montreal
- Bank of Nova Scotia
- Toronto-Dominion Bank
- National Bank of Canada

In Alberta, there are an additional 14 regional and foreign banks.

Credit unions also play an important role in providing financial services to Albertans, many of whom live in rural areas. Credit unions are cooperative organizations which provide financial services to their members. They are unique in that they are owned, directed and controlled by their members. All Alberta credit union deposits are 100 per cent guaranteed without limit by the Credit Union Deposit Guarantee Corporation.

The following is a description of Alberta based banks, and trust and insurance companies.

■ **Alberta Opportunity Company (AOC)** is a Crown corporation that makes loans and loan guarantees ; it also offers counselling and other specialized services. Through its Venture Funding Divsion, AOC is also able to make equity investments in certain sectors, including manufacturing, tourism and certain advanced technologies. It also has a Seed Funding Division that will invest up to $250,000 in the development and commercialization of unique or proprietary products.
Phone: (403) 427-2140/Fax (403) 422-9738

■ **Alberta Treasury Branch (ATB)** - First established in 1938 by an act of the provincial legislature, ATB is a banking alternative for Albertans, with a particular responsibility for the provision of services in outlying areas and for small businesses, farming operations, and consumer related financial needs. ATB's 137 branches and 122 agencies (partial service) serve over 225 communities in the province.
Phone: (403) 493-7000/Fax: (403)493-7262

■ The **Canadian Western Bank (CWB)** is a chartered bank with an international affiliation to the Hokkaido Takushou Bank of Japan. With branches in Alberta, British Columbia, and Saskatchewan, this bank offers innovative and

highly competitive financial services to businesses and individuals.
Phone: (403) 424-4846/Fax: (403) 424-0584

■ Since July 1990, Edmonton has been the headquarters for **Metropolitan Trust.** Established in 1987, Metropolitan Trust offers a range of financial services to individuals and businesses through its 13 retail branches located across the country. It also offers mortgage services to institutional lenders and provides asset administration services.
Phone: (403) 421-2020/Fax: (403) 421-2022

■ **North West Trust Company**, which was established in 1958 in Edmonton, offers an array of financial services through its network of 12 branches in the four western Canadian provinces. Its office network is supplemented by more than 600 bonded agents representing the company's deposit products in rural areas.
Phone: (403) 428-1212/Fax: (403) 426-4793

■ **Peace Hills Trust Company** is Canada's first and largest Native owned trust company. This institution is unique in that its main focus is serving the needs of Native individuals, corporations, and organizations. Established in 1980, Peace Hills Trust is wholly-owned by the Samson Indian Band of Hobbema, whose reserve is located about 100 kilometres south of Edmonton. Its head office is located in Hobbema, while its corporate offices are in Edmonton.
Phone: (403) 421-1229/Fax: (403) 426-4793

■ **Sovereign Life Insurance Company**, with its head office in Calgary, serves the needs of Canadians through branch offices and agencies coast to coast. It offers its customers a full range of quality financial services including individual life insurance, guaranteed interest products, investment funds, registered retirement savings plans, registered retirement income funds, annuities and creditor insurance.
Phone: (403) 298-5433/Fax: (403) 298-5576

3. ALBERTA FACTS

■ Alberta has an abundance of natural resources: prime agricultural land, seemingly endless stands of timber, and extensive reserves of coal, petroleum and natural gas. Alberta's oil sands are one of the world's largest fossil fuel reserves.

■ Alberta is centrally located for access to the rest of western Canada - a market of almost eight million people, to the northwest United States - a market of nine million and to California - a market of 30 million.

■ Alberta's most important resource, its labour force, is among the most productive, the best educated, and the most highly skilled in Canada.

■ Alberta's personal tax rates are the lowest in Canada. Its corporate tax rates are competitive with other provinces and it is the only province without a provincial retail sales tax.

■ Real estate and operating costs in Alberta compare favourably to those elsewhere in Canada.

■ The Canada-U.S. Free Trade Agreement (FTA), which came into effect on January 1, 1990, enhances Alberta's access to the American market. Recently, about 75 per cent of Alberta's exports have been destined for the U.S.

■ The Government of Alberta is committed to developing and diversifying the economy and to ensuring resources are available for future generations.

CURRENT ECONOMIC INDICATORS

	Reference Period	Canada	Alberta	Ontario	B.C.
Population (thousands)	**6/91**	26,992	**2,522**	9,906	3,213
GDP at Market Prices (millions)	**'90**	$678,985	**$72,580**	$281,210	$81,085
Per Capita GDP	**'90**	$25,524	**$29,361**	$28,862	$25,934
Exports (millions) (excluding services)	**'90**	$146,057	**$15,622**	$117,608	n/a
Per Capita Personal Income	**'90**	$22,184	**$21,972**	$25,151	$22,437
Per Capita Investment	**'91**	$6,616	**$8,946**	$6,915	$7,014
Per Capita Retail Trade	**11/91**	$577	**$641**	$590	$623
Labour Force Participation Rate (%)	**'91**	66.3	**72.5**	68.3	66.4
Consumer Price Index (1986 = 100)	**12/91**	126.4	**124.9**	127.7	124.0
Unemployment Rate	**3/92**	12.5	**10.1**	11.7	11.3

Source: Alberta Bureau of Statistics & various other sources

4. ALBERTA'S ECONOMY IN THE 1990s

The outlook for Alberta's economy in the 1990s is favourable. The increase in Gross Domestic Product (GDP) in real terms (adjusted for inflation) is forecast by the Alberta Treasury to be 2.5 per cent for 1992, higher than the national average, which will be 2 per cent.

Employment growth is expected to continue its strong growth in 1992 and 1993. In 1991, employment grew at a healthy rate of 1.8 per cent; however, due to a steady influx of people, particularly from other Canadian provinces, the labour force expanded rapidly, pushing the unemployment rate slightly upward.

The forecast for the sizable oil and gas sector is positive and, accordingly, the level of confidence in the province's future is high although the slow economic recovery in North America, especially central Canada, will curb Alberta's growth. In addition, the high value of the Canadian dollar vis-a-vis its American counterpart may limit growth in non-energy exports of Alberta goods and services to the United States. At the same time, however, exports to the Pacific Rim region are expected to continue to increase and overall, the economic forecast for Alberta remains favourable.

ALBERTA'S ECONOMIC OUTLOOK

	1991	1992	1993	1994
Real GDP Growth (% change)	0.5*	2.5*	4.2	4.0
Employment Growth (% change)	1.3*	1.3	2.0	2.2
Unemployment Rate (%)	7.0	8.5	8.4	8.0
Consumer Price Index (% change) (1986 = 100)	5.8	2.5	3.1	3.2
Housing Starts (000s)	12.1	15.0	16.0	16.5

* Estimate from Alberta Treasury
Source: Toronto Dominion Bank, April 1992

5. ALBERTA EXPORTS

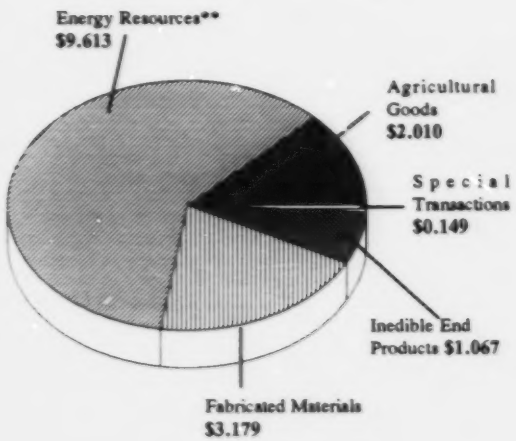
EXPORTS

Alberta is a trading province. Traditionally, exports have contributed significantly to the provincial Gross Domestic Product (GDP). Recent figures show that trade accounts for approximately 20 per cent of Alberta's GDP.

Exports generate wealth and create jobs in the province, giving Albertans a high standard of living. Exports are, directly and indirectly, responsible for at least 250,000 jobs in the province.

ALBERTA EXPORTS OF GOODS BY MAJOR CATEGORY, 1991*

(Value of Exports in billions of $)



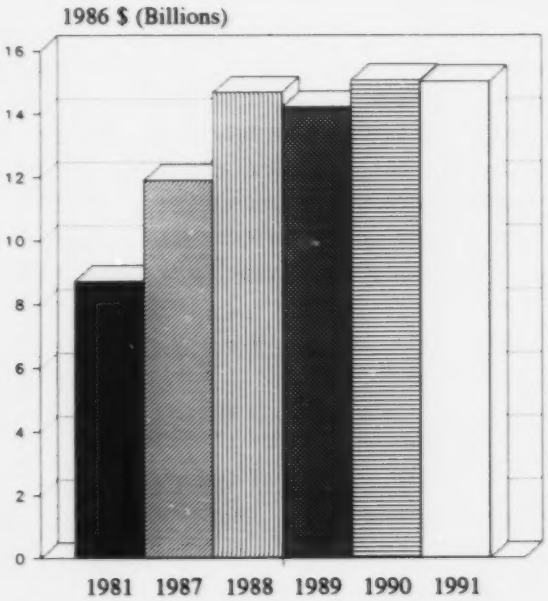
* Estimate
** Includes sulphur & coal
Source: Alberta Bureau of Statistics

The preceding pie chart shows the composition of Alberta's 1991 international exports which totalled $16.018 billion (measured in current 1991 dollars). Energy resource exports, comprised of crude oil, natural gas, coal and sulphur, is the largest sector, accounting for 60.0 per cent of the total.

Exports of services, while not included in this chart, are also a vital and growing component of the economy. Tourism is the largest services export within the services category.

VALUE OF ALBERTA'S INTERNATIONAL EXPORTS*

(Adjusted for inflation)



* Estimate. Excludes services
Source: Alberta Bureau of Statistics & Economic Development & Trade

Alberta has continued to successfully serve traditional markets and penetrate new markets over the years. When adjusted for inflation, Alberta exports increased in value by 87.4 per cent from 1981 to 1991, as shown in the above bar chart (which expresses the value of exports in constant 1986 dollars). Alberta recognizes the importance of trade and is, accordingly, a strong proponent of liberalized trade. The Canada-U.S. Free Trade Agreement continues to be widely supported in Alberta. The province also champions the goals of the General Agreement on Tariffs and Trade (GATT).

6. DEMOGRAPHICS & LABOUR

Alberta has a young population; approximately 74 per cent of Albertans are under 44 years of age.

Age Groups - As of June 1, 1991 (in 000s)			
Age	**Total**	**Male**	**Female**
0-14	**595.4**	305.4	290.0
15-44	**1,260.9**	638.4	622.5
45-64	**436.7**	221.2	215.5
65 & Over	**228.5**	98.8	129.7
TOTAL	**2,521.5**	1,263.8	1,257.7

Alberta is highly urbanized; about 80 per cent of Alberta residents live in one of the province's 16 cities.

The recent rate of population growth has slowed since the 1976 to 1981 "boom" years when the provincial population swelled by 22 per cent. A healthy rate of natural increase combined with renewed in-migration accompanying Alberta's economic prosperity has led to an annual growth rate of 2.0 per cent in 1991, certainly above the national increase growth rate of 1.4 per cent. Assuming a similar and constant rate of growth, Alberta's population will reach 3,000,000 by the year 2006.

Albertans are typically well educated: 13 per cent of the total population hold university degrees or certificates; another 15 per cent hold other post-secondary credentials; and in any given year, more than one-quarter of Alberta's 2.5 million residents are involved in some form of post-secondary academic, skills training or continuing education.

LABOUR FORCE FACTS

- Albertans are highly motivated and have a strong work ethic.

- More than 72 per cent of Alberta's working age population participate in the labour market, the highest participation rate in Canada.

- The proportion of Albertans with post-secondary degrees is higher than the national average.

- Alberta has the highest concentration of workers engaged in science, engineering and mathematics related occupations in Canada.

- Generally, the labour force in Alberta is younger, better skilled and better educated than the labour force in other Canadian provinces.

EMPLOYMENT LAW

Alberta, like other Canadian provinces, has regulations dealing with employees -- minimum standards for wages and overtime pay rates, hours of rest, paid vacations, and general holidays and parental leave.

The organized labour force in Alberta represents 28.4 per cent of the non-agricultural work force. Collective bargaining in the private sector is permitted and controlled by legislation. While most employees have rights regarding union activities, employers have corollary rights.

7. INFRASTRUCTURE

The provincial government has furthered economic development and diversification by contributing to the establishment of a modern and well maintained infrastructure that includes excellent research and development facilities, world class transportation and communications systems, and superb educational and health care institutes.

RESEARCH FACILITIES

There are several provincially-supported research centres in Alberta.

- **The Alberta Microelectronics Centre (AMC)**, located at the universities in Edmonton and Calgary, helps Alberta industry to develop and apply microelectronic technology to a variety of situations and uses. Research is product-oriented and includes work in areas such as microsensors. Collaborative efforts with the AMC and the University of Alberta in the field of sensor R&D have been internationally recognized.

- **The Alberta Research Council (ARC)** headquartered in south Edmonton and with facilities in four other locations, is a Crown corporation that works closely with Alberta universities and industrial clients to develop innovative technologies and to transfer them to commercial use. Long term areas of research include biotechnology and computer-based advanced technologies.

- **The Alberta Telecommunications Research Centre (ATRC)**, located at the universities in Edmonton and Calgary, conducts and shares benefits of its research among its university, government and industry sponsors. Its focus is on applied research in telecommunications. Research is based on sponsors' needs.

- **The Alberta Oil Sands Technology and Research Authority (AOSTRA)**, based in Edmonton, pursues new technology for oil sands, heavy oil and conventional crude oil recovery. AOSTRA provides financial incentives to the private sector and research agencies to develop economically viable and environmentally acceptable technologies in these areas.

- **The Centre for Frontier Engineering Research (C-FER)** addresses engineering and other challenges related to cold weather development. It offers technical and consultative services and undertakes contract research for industry. C-FER's $18 million test facility, opened in 1990, is located in south Edmonton.

- **The Alberta Laser Institute (ALI)** helps industry to develop and use laser systems as a cost-efficient production technique. It also performs contract research.

- **The University of Calgary's Cyber 205 Supercomputer Facility** is available to industry researchers in need of high speed supercomputer modelling and processing.

- **The Electronics Test Centre** at the ARC's Edmonton facility provides evaluation, testing and consulting services to electronics and telecommunications manufacturers to meet specified needs.

- **The Alberta Heritage Foundation for Medical Research**, established in 1979 with an endowment of $300 million, provides funds for new areas of basic and clinical research in Alberta's universities and hospitals.

The provincial government has also supported the development of Alberta's infrastructure by helping to establish advanced technology "incubators" and research parks in Calgary and Edmonton. The parks offer firms fully serviced sites for the construction of research and corporate facilities close to universities and other advanced technology institutes.

Multi-tenant research facilities are also available including Discovery Place at Calgary's University Research Park, the Calgary Advanced Technology Centre and the Edmonton Advanced Technology Centre. They offer young, technology intensive companies flexible space in smaller units on short term, competitive leases. Tenants share office support services and gain access to experienced business and technical experts, financing and seed capital.

TRANSPORTATION AND TELECOMMUNICATIONS

Roads - The province is serviced by two excellent east-west highways: the Trans Canada Highway (through Calgary) and the Yellowhead Highway (through Edmonton) which are both part of Canada's coast-to-coast highway system. Arterial roads and highways provide links to other major roads in the neighbouring provinces to the east and west and to the United States to the south.

Air - Aviation services have played a major role in the development of the province. Supporting this role are approximately eight licensed airports, 28 regional heliports and eight float plane bases, in addition to more than 800 unlicensed airports. The Calgary and Edmonton International Airports accommodate both domestic and international services and provide facilities for clearing United States customs. The Edmonton International Airport also offers direct Boeing 747 cargo service to Europe with CargoLux Ltd. of Luxembourg.

Rail - Alberta's railways are key to Alberta's economic expansion. Canadian Pacific Rail primarily serves southern Alberta, while Canadian National serves most of central and northern Alberta. Resource development in Alberta has also necessitated the establishment of regional rail lines.

Telecommunications - Albertans have one of the most advanced telecommunications systems in Canada. Local and long distance communications, business systems, terminal equipment, mobile communications and end-to-end services are provided across the province. A microwave network extends to almost every area of the province. In addition, satellite technology is used in Alberta to provide services such as radio and television programming from throughout North America along with two-way interactive data and private video distribution for Alberta companies.

EDUCATION

Alberta boasts a well educated and skilled labour force that is the result of a strong commitment by the government and its people to lifelong learning. In 1992/93, the Alberta government's expenditure on education will be over $3 billion. The province's total spending per capita on education is the second highest in Canada. This funding is increasing tied to performance.

For those attending school from grades 1 to 12, free universal education is available throughout the province. In addition, Alberta's 32 post-secondary institutions are located throughout the province. The composition of the 32 institutions is: four universities; the Banff Centre for Continuing Education; eleven public colleges; four private colleges; two technical institutes; six hospital-based schools of nursing; and four vocational centres.

The University of Alberta in Edmonton, founded in 1908, is the oldest and largest university in the province, with over 25,000 full-time students in 1989/90. The University of Calgary, which became independent from the University of Alberta in 1966, has a full and part-time enrolment of some 15,000 students. The University of Lethbridge was established in 1960. These universities fulfil the traditional roles of teaching, research and public service and provide students with a range of undergraduate and graduate degrees. Athabasca University, located in the town of Athabasca, about 200 kilometres north of Edmonton and founded in 1970, is an innovator in distance education and home study programs.

With regard to the two technical institutes, the Southern Alberta Institute of Technology (SAIT) in Calgary, founded in 1916, and the Northern Alberta Institute of Technology (NAIT), established in Edmonton in 1963, offer vocational, business and technology programs in addition to apprenticeship training.

HEALTH CARE

Alberta's health care system is among the best in the world. The facilities are excellent, the personnel are highly qualified and services are easily accessed and affordable.

The Alberta Health Care Insurance Plan provides Alberta citizens with basic health and hospitalization coverage. For premiums (1992 rates) of $27 per month for an individual and $54 per month for a family, Albertans have access to an exceptional range of medical services.

Virtually all communities in Alberta with populations in excess of 1,000 have modern, well equipped hospitals. Alberta has more than 300 hospitals, auxiliary facilities and nursing homes, including approximately 140 active treatment centres. These range from small rural hospitals with less than 20 beds to huge complexes such as Edmonton's Walter C. MacKenzie Health Sciences Centre, which houses 800 beds, some of the world's most advanced medical equipment and a variety of medical research programs.

The Alberta Hertitage Foundation for Medical Research (mentioned on page 12) continues to prove itself as a means for building a vibrant community of medical researchers who are having a tremendous impact upon our knowledge about disease and health and medical education. Alberta's health care delivery is far better today than before because of this added mass of medical researchers.

8. TAXATION

CORPORATE TAXATION

In Canada, corporate income tax rates vary, depending on the type of business and the net income of the company.

The federal tax rates as of April 31, 1992 are: 28 per cent for general business; 23 per cent for manufacturing and processing corporations (M&P); and 12 per cent for small businesses and small M&P companies (net income less than $200,000). A federal corporate surtax of (i.e. 3% of 28% = 0.84%) applies to federal tax payable. Thus, the actual federal rate is 28.84 per cent for general business.

The federal M&P 1992 tax rate is 23 per cent (23.84% with the surtax included); it will be reduced to 22 per cent on January 1, 1993 and to 21 per cent on January 1, 1994.

For large corporations, a federal capital tax of 0.20 per cent is charged on capital assets in excess of $10 million. This tax is payable only if it is greater than the federal surtax and is in lieu of the surtax.

In addition to the above, a provincial general capital tax of 0.3 per cent exists in Ontario and 0.5 per cent in Saskatchewan and Quebec. Some provinces also charge a payroll tax.

Alberta does not have a general capital tax nor a payroll tax.

1992 PROVINCIAL CORPORATE TAX RATES*

	General Rate (%)	Manuf. & Proc. Rate(%)	Small Business Rate (%)	Capital Tax (%) (a)	Payroll Tax (%)- Max
BRITISH COLUMBIA	16	--	10	0.3/1 or 3	--
ALBERTA	**15.5**	14.5(c)	**6**	**0/2.0**	--
SASKATCHEWAN	17	--	9(e)	0.6/3.25	--
MANITOBA	17	--	10	0.5/3.0	2.25
ONTARIO	15.5(b)	13.5(c)	9.5	0.3/1.12	1.95
QUEBEC	- (d)	-- (d)	- (d)	0.56/1.12	3.75
NEW BRUNSWICK	17	--	9	0/3.0	--
NOVA SCOTIA	16	--	5	0/3.0	--
PRINCE EDWARD ISLAND	15	7.5(c)	7.5(e)	0/3.0	--
NEWFOUNDLAND	17	--	10	0/3.0	2.00

* These rates are a percentage of the federal rates. Therefore, the general rate for Alberta corporations is 32.34 (15.5 x 28 = 4.34 + 28 = 32.34)

(a) The first number is a general capital tax; the second, for financial institions. In B.C., a 0.3% capital tax is applied on the paid-up capital of companies with a permanent establishment in B.C. The capital tax for financial institutions with paid-up capital of more than $500 million is 3% while for others, the rate is 1%. In Manitoba, the general rate is 0.5% on capital over $10 million.

(b) Chartered banks face a temporary surtax of 10% on their Ontario taxes.

(c) Rate for Alberta manufacturers and processors is 15.0% (effective July 1, 1992); it will be 14.5% on January 1, 1993. The Ontario and P.E.I. rates are effective January 1, 1993.

(d) Quebec's corporate tax system is not directly comparable to that of other provinces.

(e) As of July 1, 1992 in Saskatchewan & effective January 1, 1993 in P.E.I. Current rate in P.E.I. is 15%.

Canada has entered into tax treaties with other countries to avoid double taxation on the same income and to prevent tax evasion. For payments to non-resident corporations and individuals, a withholding tax is applied to sources of income such as dividends and royalties. The withholding rate of 25 per cent is generally reduced to 15 per cent by tax treaties.

A non-resident corporation is subject to tax only on income earned in Canada and on any gains from the sale or disposition of a taxable Canadian property. Taxes are calculated on the same basis and rates as those of a Canadian corporation, except that the non-resident corporation may be ineligible for certain deductions.

R&D TAX INCENTIVES

Canada offers one of the most favourable packages of research and development (R&D) tax incentives of all industrialized countries. Canadian tax legislation contains special rules permitting the immediate deduction of almost all current and capital expenditures incurred on scientific research in Canada.

A recent study has shown that the Canadian system provides domestic corporations with a significant cost advantage over American firms when competing for R&D in the U.S. As well, the Canadian government sponsors R&D specific granted assistance programs, such as the Defence Industrial Research Program (administered by National Defence).

In its 1992/93 budget, the federal government introduced a commitment to enrich the tax incentives for research and development by $230 million over the next five years. Most of this amount is associated with changes to taxes that will lessen the current level of administrative burden encountered by performers of R&D.

THE GOODS & SERVICES TAX (GST)

On January 1, 1991, the federal Goods and Services Tax (GST) of 7.0 per cent was introduced across Canada. Like value-added taxes in other countries, the GST is collected at each stage of the production and distribution chain, with businesses claiming input tax credits paid on their purchases.

MUNICIPAL TAXATION

All property is subject to assessment and taxation in Alberta. Property includes both land and improvements.

- Non-agricultural land is assessed at 65 per cent of its fair market value. Buildings and structures are currently assessed at 65 per cent of their depreciated replacement cost.
- Machinery and equipment (M&E) used in manufacturing and processing is currently assessed at 50 per cent of its depreciated replacement cost. The taxable portion of M&E varies considerably among Alberta communities.

As well, some municipalities have a business tax which may be based on the gross rental value or on the floor space of the premises. When M&E is subject to property tax, however, no business tax may be levied against the same premises. The business tax is used mainly by the large urban municipalities namely Edmonton, Calgary, Red Deer, Lethbridge and St. Albert.

RETAIL SALES TAX

All Canadian provinces except Alberta have a retail sales tax which is applied to the purchase of goods (as well as services in Quebec) in addition to the federal Goods and Services Tax (GST).

1992 RETAIL SALES TAXES (per cent)	
British Columbia	6
Alberta	**0**
Saskatchewan	8
Manitoba	7
Ontario	8
Québec*	8/4
New Brunswick	11
Nova Scotia	10
Prince Edward Island	10
Newfoundland	12

* Quebec taxes goods at 8% and, as of July 1, 1992, services at 4 per cent.

PERSONAL TAXATION

Alberta's personal tax rates are the lowest in Canada (see chart at right). The provincial rates in the table at the right are a percentage of the basic federal tax rate, which for 1992 is 17 per cent on about the first $29,000 of taxable income.

The Canadian income tax system is based on residency rather than citizenship or domicile. Under the Income Tax Act, income taxes are levied on the taxable income of persons resident in Canada for at any time as well as on certain Canadian-source income of non-residents.

1992 PROVINCIAL PERSONAL TAX RATES *
(per cent)

	Basic Rate	High Income Surtax	Flat Rate Tax
B.C.	52.0	20/30(a)	-
AB.	**46.0**	**8.0**	**0.5**
SASK.	50.0	15.0(b)	2.0
MAN.	52.0	2.0	2.0
ONT.	54.5	14.0(d)	-
QUE.	(c)	-	-
N.B.	60.0	8.0	-
N.S.	59.5	10.0	-
P.E.I.	59.5	10.0	-
NFLD.	64.5	-	-

* The high income surtax is a percentage of basic provincial tax above a specified level.

(a) Effective July 1, 1992, this tax was increased to 20% of B.C. taxes in excess of $5300 plus 10% of B.C. taxes in excess of $9,000.

(b) All income earners in Saskatchewan pay a 10 per cent deficit surtax effective July 1, 1992.

(c) Québec's personal tax system is not directly comparable to that of other provinces. Its average tax rate is the highest in Canada.

(d) As of July 1992, Ontario tax payers earning more than $53,000 pay this 14% surtax.

9. REAL ESTATE

The recession of the early 1990s has led to increasing vacancies in most sectors of real estate across Canada. Rental rates and values have fallen, with reductions more pronounced in Ontario than western Canada. With the possible exception of downtown Calgary, which has been adversely affected by downsizing in the oil and gas industry, the Alberta markets are healthy and the outlook is favourable. Vacancies and rentals will be relatively stable.

From an investment perspective, Alberta has some favourable locations. Those informed in the marketplace recognize that the Alberta economy is in good shape and while rental rates have fallen, the fall has been modest.
(Source: Graeme Young & Associates)

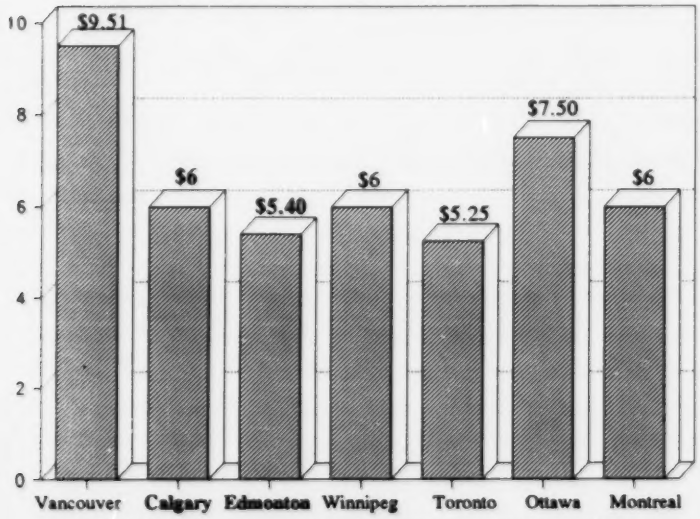
INDUSTRIAL

Alberta offers a variety of well serviced, competitively priced industrial sites that are suitable for a range of activities. Edmonton and Calgary have industrial square footage rates that are among the lowest for major urban centres in Canada (see chart below). Smaller municipalities, such as Red Deer and Lethbridge, also have numerous facilities at rates that are lower than larger cities.

In 1991, industrial vacancy rates in western Canada continued to be very low -- Calgary's was 4.3 per cent while Edmonton's was 6 per cent. Vacancies were much higher in the East.

Industrial rental rates held steady across Canada in 1991. In Alberta, rates increased slightly but remained highly competitive. In Calgary, average industrial rentals were $4 to $5.25 per square foot with taxes, operating and maintenance costs at $1.50 per square foot. The comparable rates for Edmonton were $3.75 and $1.65. With little construction planned for 1992 and economic recovery taking place across the country, vacancy rates are expected to decrease slightly. In Calgary and Edmonton, vacancy and rental rates are expected to increase modestly in 1992.

Industrial Rental Rates, 1991
(Average Gross Rental Rates - $/Square Foot)



Figures include taxes, operating and maintenance costs, but do not include tenant inducements which reduce effective rents.
Source: Royal LePage Market Survey 1992

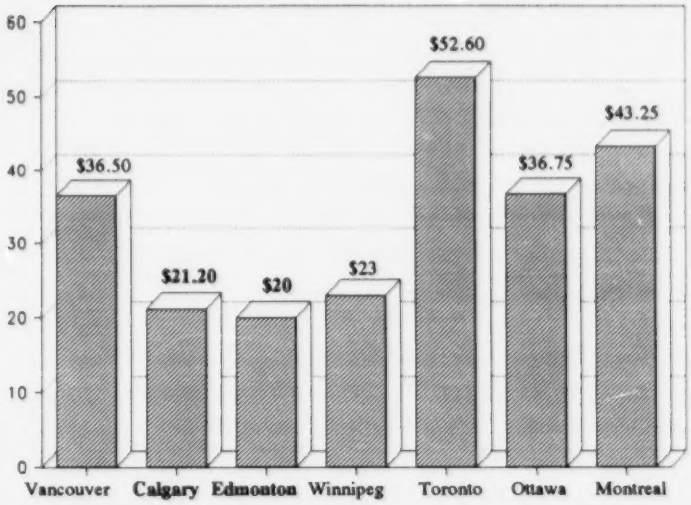
OFFICE

Calgary has the highest per capita volume of office space in North America; it is also headquarters for about 600 companies. Edmonton also has a good stock of all types of office space.

As shown in the chart at right, Alberta's two major cities, Edmonton and Calgary, have the lowest average gross rental rates of all major Canadian cities for downtown space.

At the end of 1991, the overall vacancy rate for downtown office space in Edmonton was 13 per cent; Calgary's rate was 16 per cent. In Edmonton, where no new additions are planned in downtown for 1992 and where limited additions are slated for the suburbs, the vacancy rate is expected to decline somewhat. In Calgary, no new buildings will open in 1992 yet significant sublease space is expected to be put on the market, resulting in little change in the vacancy and rental rates.

Downtown Class "A" Rental Rates, 1991
(Average Gross Rental Rates - $/Square Foot)



Figures include taxes, operating and maintenance costs, but do not include tenant inducements which reduce effective rents.
Source: Royal LePage Market Survey 1992

LAND OWNERSHIP & REGULATION

The acquisition and transfer of interests in land in Alberta is primarily governed by the Torrens system, which facilitates the transfer of title and ensures security of title. A Land Titles Office maintains records of all the lands in the province.

Land use in Alberta is regulated through a series of plans and by-laws established and administered by planning agencies. These agencies set general guidelines within which local land use policy must be formulated. It is the land owner's responsibility to ensure that any development conforms to the appropriate regulations. (For information on agricultural and recreational land ownership by non-Canadians, see page 4).

LOCAL DEVELOPMENT INITIATIVE

In 1989, the Local Development Initiative (LDI) was established by the Government of Alberta as the focal point for a partnership in revitalization of Alberta's communities. The primary goals of LDI are threefold:

- To define the role that government should be playing in community revitalization;
- To highlight actions that governments should be taking to best serve that role; and
- To develop and deliver initiatives that will fulfil government's role and meet the needs of the people in Alberta's small communities.

10. BUSINESS PROGRAMS & RELATED AGENCIES

GOVERNMENT OF ALBERTA

The Government of Alberta offers a variety of programs and services to Alberta businesses. For example, **Economic Development and Trade** offers the following:

- Business Site Locations Service - assists companies looking at the comparative advantages of an Alberta location.

- Investment Matching Service of Alberta (IMSA) - identifies and inventories investment opportunities and companies seeking strategic alliances in Alberta and markets these ventures to a global network of investors and financial intermediaries. Opportunities and investors registered with IMSA are matched through a computer system that provides a two-way flow of referrals. Three times a year, IMSA produces a Catalogue containing a summary of all opportunities registered with the system.

- Loan Guarantee Program for Alberta Exporters - assists Alberta businesses that are exporters or potential exporters of manufactured goods by providing partial loan guarantees.

- Market Development Assistance Program - provides financial support to Alberta businesses interested in enhancing their exports.

In addition, **Career Development & Employment** (CD&E) provides assistance to businesses to train and upgrade the skills of their employees. For instance, the Skills Alberta program is designed to assist employers in creating a "Plan for Training" which is specific to the organization. Training costs may be supported under this program. As well, the Alberta Tailor-Made Training Program is designed to further economic diversification by providing special training support for companies that are making a capital investment in the province.

In cooperation with the federal government, the Alberta government is cost-sharing the new **Western Economic Partnership Agreements.** (WEPA). Under this initiative, a total of $120 million will be provided over the next four years to selected industries to encourage further diversification of the Alberta economy.

Other departments offer assistance to Alberta companies in specific sectors. For example, **Alberta Agriculture** offers programs to further agricultural industries in the province, while the Forest Industry Development Division (FIDD) of **Forestry, Lands and Wildlife** acts as an advocate for the forest industry with other government departments and agencies. **Technology, Research & Telecommunications** (TRT) offers assistance in a variety of ways to the province's high technology businesses.

Information on these and other programs may be obtained through Economic Development and Trade's **Business Line** in Edmonton at **(403) 422-9494** (or toll-free from anywhere in Alberta at **1-800-272-9675**). The Business Line operates Monday to Friday, from 8:30 a.m. to 4:30 p.m. (Mountain Standard Time zone).

The **Energy Resources Conservation Board** (ERCB) is an Alberta government agency with responsibility for seeing that Alberta's energy resources are developed in a safe, orderly manner. It is charged with certain energy resource and environmental management functions related to oil, natural gas, oil sands, pipelines, electrical energy and coal.

The **Natural Resources Conservation Board** (NRCB) is an Alberta government agency which was established in late 1991. Its mandate is to review and approve all non-energy resource projects in Alberta. This new process applies to all major forestry, large scale water management projects and all other reviewable projects for which an environmental impact assessment has been ordered.

GOVERNMENT OF CANADA

Various departments of the federal government offer programs and services to businesses. For example:

External Affairs and International Trade Canada (EAITC) administers the Technology Inflow Program (TIP). It is designed to facilitate the flow of foreign technology into Canada by financially assisting Canadian projects to obtain technology. More information on TIP or other programs offered by EAITC may be acquired by calling (403) 495-2944 in Edmonton or (403) 292-6660 in Calgary.

The **Federal Business Development Bank** (FBDB) promotes and assists small and medium sized businesses in Canada through various services including term loans and loan guarantees with flexible terms and conditions. The FBDB also offers public seminars and courses on business management issues. The federal Crown corporation has offices across Canada. In Edmonton, call (403) 495-2277; in Calgary, call (403) 292-5000.

Industry, Science and Technology Canada's (ISTC) Strategic Technologies Program is designed to fortify Canadian industries by assisting them in the development and application of technologies that will create new market opportunities and improve competitiveness. ISTC offices may be contacted at (403) 495-4782 in Edmonton or (403) 292-4575 in Calgary.

Revenue Canada administers the Customs and Duty Drawbacks program, which aims to directly financially assist Canadian businesses that import goods and materials to be further manufactured and then exported. Custom duties and taxes are returned on some imported products that have been used or disposed of in a certain manner. Businesses seeking to qualify for a drawback should contact Customs and Excise in Calgary at (403) 292-4637.

Revenue Canada also administers the Special Investment Tax Credit Program which promotes investment in areas across Canada adversely affected by economic disparities. In Alberta, this program applies to the Peace River region (Census Division 17, 18 and 19), excluding the city of Grande Prairie. All manufacturing and processing activity, as defined under the Regional Development Incentives Act, are eligible providing they are located within the designated areas. There is no limit on project size and it may be a new facility, expansion or modernization. For more information, contact Taxation Information Services in Ottawa, Ontario at (613) 598-2275.

Western Economic Diversification (WD) is responsible for the Western Diversification Program which assists projects of strategic importance to western Canada that could not otherwise proceed. Projects must contribute to the diversification and development of the western Canadian economy. WD participation in eligible projects may take the form of payable or non-repayable contributions. WD has offices across western Canada; the phone number of its head office in Edmonton is (403) 495-4164. The phone number in Calgary is (403) 292-5382.

(For more information see the BUSINESS PROGRAM GUIDE: ALBERTA)

BUSINESS IMMIGRATION PROGRAM

Designed to attract business expertise and investment capital, the Business Immigration Program allows approved applicants and their eligible dependents to obtain permanent resident status in Canada. The federal government grants business immigration status under three categories: self-employed; entrepreneur; and investor.

Self-Employed - A self-employed person is willing to establish a business that provides full-time employment for him/herself and contributes to the economic, artistic or cultural life of Canada. Self-employed persons include: farmers, artisans, and artists.

Entrepreneur - A qualifying immigrant must have a relevant business background and experience in addition to sufficient financial resources for the proposed investment. As well, a qualifying proposal must create or maintain at least one employment opportunity for an Albertan. The immigrant must assume an active management role in the operation of the business in Alberta.

Entrepreneurial immigrants to Alberta are encouraged to establish businesses in: manufacturing; food processing; services; merchandising; wholesaling; retailing; or distributing enterprises. Passive investments, such as those designed to collect interest, dividends or rent from existing properties, to lend money or to speculate on real estate, are not eligible under the program.

Investor - In Alberta, immigrant status may be given to an investor who:

- has a successful business track record;
- has minimum personal net worth of $500,000; and
- invests a minimum of $250,000 (irrevocable for five years).

Investors in this category are encouraged to invest in the industries such as: plastics, tourism; oil and gas ventures; advanced technologies; and agri-businesses. The category is intended for someone wanting to invest in the province but not the obligation of actively managing the daily activities of a business venture.

The decision on the issuance of visas for business immigrants rests with the federal government, based on provincial recommendations and the applicant's ability to meet the qualifications. Business immigrants must also pass health and security checks as required under Canadian immigration laws.

(For more information on the Business Immigration Program, contact Career Development & Employment at (403) 427-0537 or by fax at (403) 422-0126. Or you may contact your nearest Canadian Embassy or Consulate)

11. ECONOMIC DEVELOPMENT & TRADE'S PRESENCE AROUND THE WORLD

IN ALBERTA & CANADA

Edmonton
7th Floor, Sterling Place
9940 - 106 Street
Edmonton, Alberta T5K 2P6
Telephone: (403) 427-3300
Telefax: (403) 422-9319

Calgary
Room 500, 999 - 8 Street S.W.
Calgary, Alberta T2R 1J5
Telephone: (403) 297-6284
Telefax: (403) 297-6168

Camrose
5005 - 49 Street
Camrose, Alberta T4V 1N5
Telephone: (403) 679-1235
Telefax: (403) 679-1250

Edson
204 Provincial Building
111 - 54 Street
Edson, Alberta T7E 1T2
Telephone: (403) 723-8229
Telefax: (403) 723-8240

Grande Prairie
1401 Provincial Building
10320 - 99 Street
Grande Prairie, Alberta T8V 6J4
Telephone: (403) 538-5230
Telefax: (403) 538-5332

Lethbridge
416 Stafford Drive South
Lethbridge, Alberta T1J 4C7
Telephone: (403) 381-5414
Telefax: (403) 381-5741

Red Deer
305 Provincial Building
4920 - 51 Street
Red Deer, Alberta T4N 6K8
Telephone: (403) 340-5300
Telefax: (403) 340-5231

Peace River
Postal Bag 900-3
10122 - 100 Street
Peace River, Alberta T8S 1T4
Telephone: (403) 624-6113
Telefax: (403) 624-6490

Medicine Hat
109 Provincial Building
346 - 3 Street S.E.
Medicine Hat, Alberta T1A 0G7
Telephone: (403) 529-3630
Telefax: (403) 529-3140

St. Paul
412 Provincial Building
5025 - 49 Avenue
St. Paul, Alberta T0A 3A4
Telephone: (403) 645-6358
Telefax: (403) 645-6241

Ottawa
Alberta House
Suite 1110, Royal Bank Centre
90 Sparks Street
Ottawa, Ontario K1P 5B4
Telephone: (613) 237-2615
Telefax: (613) 563-9934

INTERNATIONAL OFFICES

Hong Kong
Alberta House
Rooms 1003-4
Tower Two, Admiralty Centre
Harcourt Road
Central, Hong Kong
Telephone: 852-528-4729
Telefax: 852-529-8115

Tokyo
Alberta House
Place Canada 3rd Floor
3-37 Akasaka 7-Chome
Minato-ku, Tokyo 107
Japan
Telephone: 81-3-3475-1171
Telefax: 81-3-3470-3939

Seoul
Alberta House
Suite 303, The Westin Chosun Hotel
87, Sogong-Dong Chung-ku
C.P.J. Box 4733
Seoul 100-070
Korea
Telephone: 82-2-773-8961
Telefax: 82-2-773-8966

London
Alberta House
1 Mount Street
London, England
W1Y 5AA
Telephone: 44-71-491-3430
Telefax: 44-71-629-2296

New York
Alberta House
27th Floor, General Motors Building
767 - 5 Avenue
New York, NY 10153
U.S.A.
Telephone: (212) 759-2222
Telefax: (212) 759-3682

REPRESENTATIVES ARE ALSO LOCATED IN:

Thailand
Mr. Samuel Cohen
9th Floor, Pilot Pen Bldg.
331 Silom Road
Bangrak, Bangkok 10500
Telephone: 662-235-0579/1975
Telefax: 662-236-2980

Italy
Mr. O.A. (Tony) Sulzenko
Villa la Quercia
I-52040 Montanare di Cortona
Italy
Telephone: 39-575-614033
Telefax: 39-575-614039

Russia
Mr. Wayne Sippola
International Consulting and
Development Corp.
VP for Soviet Development
Ext/Direct Apt 24 46-33
Ul. Sovetskaya 10
625000 Tyumen, Russia
Telephone: 011-7-3452-24 24 16
Telefax: 011-7-3452-24 77 11

Poland
Mr. George Kahanek
Intercontract Consultants Inc.
Braci Pillotich 1/24
00-771 Warsaw
Poland
Telephone/fax: 011-48-22-41 34 70